

## **Ag Column - P.A. 116 - Preserving Farmland in Michigan**

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Over four decades ago, Michigan became one of the first states in the nation to become concerned with the preservation of farmland. At that time, vital cropland was being taken out of production at an average rate of approximately 117,000 acres a year and farmers were paying more than 27 percent of their farm income for property taxes. Concern for farmland loss as well as the rate of farmland property taxation led to the development of a program, enacted into law in 1974, as Public Act 116.

Under the PA 116 program, farmers enter into a contract with the State of Michigan to keep their land in farming and agree not to develop the land. In exchange for that restriction, the landowner may receive state income tax credits. Earlier this year there was discussion to eliminate some programs that use tax credits as an incentive, of which PA 116 is one. This was proposed to improve the state budget development process since the amount of tax credits issued in any given year is not known until well after the budget development and approval process has been completed.

The recently adopted 2012 budget does not contain wording that would eliminate the PA 116 tax credits. Also, at this time, no legislation has been introduced to “sunset” or eliminate the program. Landowners may still enroll in the program, may extend their agreements, may transfer existing agreements to new owners, may claim tax credits under PA 116, and existing agreements will continue to be honored until they expire.

The Michigan Department of Agriculture & Rural Development (MDARD) will continue to support Michigan’s food and agriculture industry. Preservation of Michigan’s vital farmland will continue to be an important and key objective of this administration.

If you have questions about PA 116, please contact the Farmland Preservation Program at 517-373-3328 or visit the MDARD website at [www.michigan.gov/farmland](http://www.michigan.gov/farmland) for a list of Frequently Asked Questions.